file

Canada and Dominion Sugar Company Limited

Annual Report
for the year
ended September 30
1971

Five Year Review

Income	1971	1970	1969	1968	1967
Income before taxes (Includes extraordinary item)	**$ 8,065,723**	$ 8,296,874	$ 8,479,421	$ 8,151,335	$ 6,641,728
Taxes on income	**3,725,000**	3,250,000	3,600,000	3,650,000	3,050,000
Net Income	**4,340,723**	5,046,874	4,879,421	4,501,335	3,591,728
Per Share	**2.80**	3.26	3.15	2.90	2.32
Dividends paid	**2,790,000**	2,635,000	2,635,000	2,170,000	2,170,000
Per Share	**1.80**	1.70	1.70	1.40	1.40
Financial Position					
Working Capital	**12,574,208**	13,669,348	15,356,424	16,273,208	16,903,978
Land, buildings, plant and equipment	**58,632,343**	54,447,417	52,878,063	51,615,634	57,131,661
Accumulated depreciation	**25,718,947**	23,154,667	21,880,270	20,674,036	25,813,425
Deferred income taxes	**6,550,000**	6,800,000	7,500,000	8,900,000	8,500,000
Long-term debt	**3,729,654**	4,061,165	5,519,718	5,645,265	4,700,000
Shareholders' equity	**48,004,780**	46,454,057	44,042,183	41,797,762	41,447,919
Per Share	**30.97**	29.97	28.41	26.97	26.74

Cover Picture
Although Canada and Dominion Sugar Company Limited launched a program of expansion through diversification in 1967, sugar operations continue to be the most important aspect of the Company's business, both from the standpoint of sales and profits. Effective this year, these operations are being conducted by Redpath Sugars Limited as a separate subsidiary. The cover picture shows pure refined granulated sugar in a setting readily recognized by the consumer . . . in a sugar bowl on a dining table.

Canada and Dominion Sugar Company Limited

Head Office
4 Phyllis Avenue, Chatham, Ontario
Executive Offices
1720 Canal Street
Montreal 104, Quebec

Directors

Hon. Louis P. Beaubien
Montreal, Quebec
Director
The Empire Life Insurance Company

G. E. Ellsworth
Toronto, Ontario
Company Director

James M. Ferguson
San Francisco, California
President
Pacific Molasses Company

Hon. G. B. Foster, Q.C.
Montreal, Quebec
Senior Partner
Foster, Leggat, Colby & Rioux

C. F. Harrington
Montreal, Quebec
Chairman
The Royal Trust Co.

Colin Lyle
London, England
Director
Tate & Lyle Limited

J. H. Magee
Montreal, Quebec
President
Redpath Sugars Limited

M. D. Oliphant
London, England
Director
Tate & Lyle Limited

W. H. Punchard
Chatham, Ontario
Company Director

N. M. Shaw
Toronto, Ontario
President
Daymond Limited

H. S. Tate
Montreal, Quebec
Managing Director
Canada and Dominion
Sugar Company Limited

J. O. Whitmee
London, England
President
Canada and Dominion
Sugar Company Limited

Officers

Hon. G. B. Foster, Q.C.
Chairman

J. O. Whitmee
President

H. S. Tate
Managing Director

M. W. Davidson
Vice President

J. H. Magee
Vice President

R. R. Porteous
Vice President

N. M. Shaw
Vice President

R. G. Brownridge, C.A.
Treasurer

J. E. Wood
Secretary

Shareholders' Annual Meeting

The annual general meeting of the shareholders will be held in Toronto at the Royal York Hotel on Tuesday, January 25, 1972 at 11:30 a.m. E.S.T. Following the meeting, a buffet luncheon will be served.

On peut se procurer l'édition française de ce rapport en écrivant au secrétaire de Canada and Dominion Sugar Company Limited, C.P. 490, Montréal 101, (Québec).

Report of the Board of Directors

Net income for the year ended September 30, 1971 amounted to $4,340,723 or $2.80 per share on sales of $86,341,214 compared with earnings of $5,046,874 or $3.26 per share on sales of $74,746,107, the previous year.

The increase in dollar value of sales comes partly from companies acquired during the year, partly from increased sugar sales and partly from increases in sugar prices relating to higher costs of raw sugar.

Dividends were paid during 1971 at the quarterly rate of 45 cents per share.

The business and assets which constitute the sugar refining division of the Company have been transferred to a wholly-owned subsidiary, Redpath Sugars Limited. This change became effective on January 1, 1971.

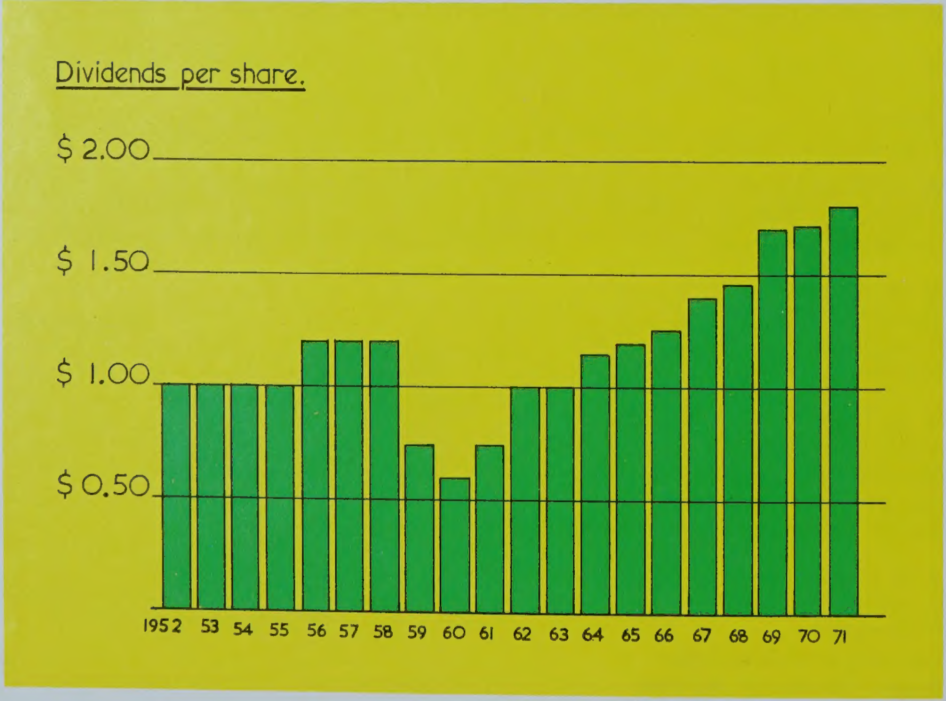
Activities in the plastic and aluminum fields were substantially expanded during the year through the establishment of Certain-teed/Daymond Co. in the United States, the acquisition of Anvil Plastics Limited and Gienow Sash & Door Co. Ltd. in Canada.

Certain-teed/Daymond was established because of the success the Company has had in the manufacture and sale of corrugated drainage pipe in Canada. It is a partnership with Certain-teed Agricultural Systems Inc., Valley Forge, Pennsylvania, and produces pipe for sale in the United States using the Hegler process. The first manufacturing facility was opened in August and several others are planned for the near future.

During the year, Anvil Plastics Limited of London, Ontario, was acquired by the Company. Anvil produces a complete line of plastic fittings for the plumbing and water transmission industries, and sells its products both in Canada and the United States. The Company, in the latter part of the year, also acquired Gienow Sash & Door Co. Ltd. of Calgary, Alberta. Gienow is a major supplier of aluminum doors, windows and other components to the rapidly growing market for trailers, mobile homes and modular dwellings.

A continuing program of rationalization and improvement in operations and marketing has been successfully carried out during the year at Daymond Limited.

The strike at the Toronto Redpath refinery, which began at the end of August, ended November 19 when a new contract for 30 months was negotiated. Terms were similar to those accepted earlier by Chatham and Montreal workers.



FINANCIAL REVIEW

The consolidated financial statements include the accounts of Anvil Plastics Limited and Gienow Sash & Door Co. Ltd. and incorporate their earnings from April 1, 1971, the effective date of acquisition. Earnings of these companies slightly exceeded expectations and amounted to over 18 cents per Canada and Dominion share.

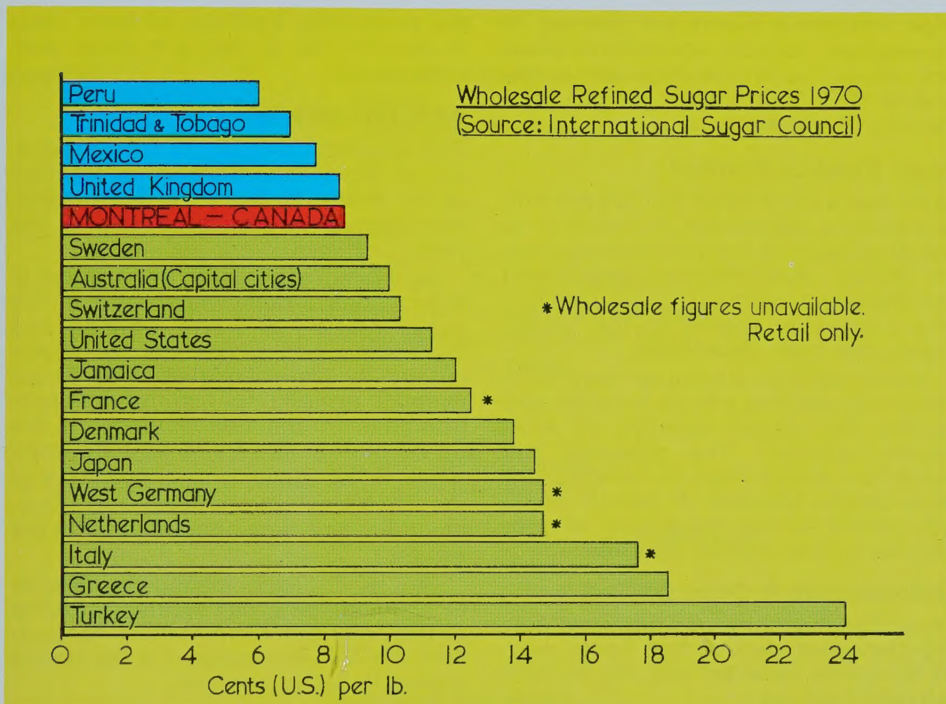
Consolidated earnings, before extraordinary items, totalled $2.77 per share, compared with $3.05 per share in the previous year. This decline is due entirely to the substantial reduction in income received from an affiliated company. As referred to in Note 3 in the Notes to the Financial Statements, after making provision for foreign exchange losses, the net income received from an affiliated company amounted to $575,000 in 1971 as compared to $1,650,000 in 1970, equivalent to a reduction in earnings of 69 cents per share. As was reported a year ago, the International Sugar Agreement has contributed to a relatively stable sugar market, thereby providing fewer opportunities to this company to earn profits through raw sugar trading. The profit realized from ships and other investments continues at a satisfactory rate.

Value of sugar inventories, as reported for income tax purposes, substantially exceeds the value at which they are carried in the accounts. The amount of income taxes relative to this difference, $655,000 in 1971 and $481,000 in 1970, is included in current assets under the caption "Deferred income tax charges".

In respect to the five per cent sinking fund debentures due in 1978, all of the annual sinking installments of this issue have now been provided for, except $16,000 due in 1977. Debentures with a par value of $369,000 were bought and cancelled during the year, realizing a profit of $50,977 which has been shown as extraordinary income.

The price paid for the shares of Anvil Plastics Limited and Gienow Sash & Door Co. Ltd. exceeded by $326,839 the underlying value of the net tangible assets acquired and this amount has been shown on the Balance Sheet as "Premium paid on acquisition of businesses".

Additions to fixed assets in 1971 totalled $2,019,949 and anticipated



expenditures in 1972 will amount to $4,000,000, of which approximately $1,000,000 had been committed at September 30, 1971.

REDPATH SUGARS LIMITED

It was considered desirable that this important division of the Company should operate as a separate entity. Advantages are improved administration and closer control of costs. The name Redpath Sugars Limited was chosen to be compatible with the brand name "Redpath", well-known in eastern Canada for over a century.

Marketing

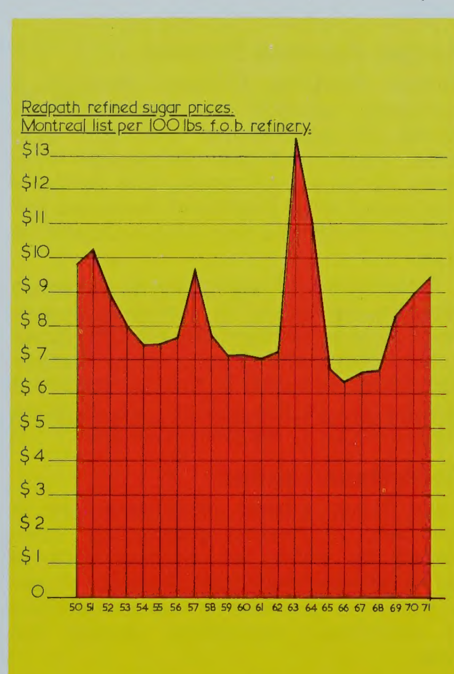
The volume of sugar sold by Redpath Sugars Limited was maintained at a satisfactory level in 1971, in spite of lower exports. Redpath Sugars continued to account for the largest portion of C and D's overall profits. Redpath would have achieved all of its objectives had not a strike interrupted normal operations at the Toronto refinery. Nevertheless much of the effect of this stoppage was offset by careful contingency planning.

Through the efforts of management and staff a remarkably good job was done in maintaining service to Redpath's customers.

Manufacturing

During 1971, contracts were negotiated with unions representing the employees at Toronto, Montreal and Chatham.

Replacement and expansion programs continue at both Toronto and Montreal refineries to keep pace with market demands for products at the lowest possible cost. Approximately $1,000,000 was invested in improvements during the year.



Such programs have benefitted the consumers over the years, as evidenced in the graphs accompanying this report. In spite of increasing costs for raw sugar, other materials and supplies, labor and distribution, the price of refined sugar over the years has not increased significantly. The Canadian consumer pays less today for sugar than do consumers in most countries of the world.

Raw Sugar

The problems associated with raw sugar buying and winter storage were accentuated during 1971 by foreign exchange risks of a magnitude not experienced for many years. No quick solution to world currency problems is foreseen. The Company takes measures to protect itself against risks arising through changes in the value of the Canadian dollar in relation to other currencies.

In 1971, Redpath's raw sugar supplies came from British Honduras, Natal, Mauritius, Swaziland, Australia, India and Cuba. Changes in the U.S. Sugar Act, which has given larger quotas to British Honduras, Mauritius and Swaziland may well have some effect on Redpath's sources of supply. It is too early yet to predict the effect of the United Kingdom's decision to enter the common market.

Tariff Board Report

The report of the Tariff Board was submitted after two years of research and is being considered by the Minister of Finance.

A reduction in duty rates has been recommended by the Tariff Board; the proposed reduction is larger for refined sugar than for raw sugar. The report also recommends the removal of the traditional tariff incentive for imports of raw sugar for Canadian refining which could prove to be a serious threat to the Canadian refining industry.

The Tariff Board proposes a reduction in the attraction to Commonwealth raw sugar producers to supply the Canadian market and this could adversely effect the company's traditional flow of supplies.

The report is being studied and the company's comments will be submitted to the Minister early in 1972.

Housing Developments

The project to develop land, surplus to production requirements in Chatham and Wallaceburg, has made satisfactory progress. In Chatham, fifteen single-family dwellings have been completed or are in various stages of construction. Re-zoning of the Wallaceburg property for a development is still awaited.

PLASTIC AND ALUMINUM OPERATIONS

Participation in the building products industry, mainly plastic and aluminum, is carried out through five subsidiary companies, four in Canada and one in the United States.

The complementary nature of their operations provides a well integrated base for continuing development under the direction of Daymond Limited.

Daymond Limited

Daymond continued its program of rationalization of facilities, products and marketing during the year. The company is, and will continue to be, an increasingly strong contender in a field which is highly competitive.

With the exception of facilities for the production of corrugated plastic pipe, all plastic production in Ontario is now located at Huron Industrial Park, Centralia. Aluminum extrusion and fabrication are concentrated in Chatham. Marketing and administration functions were centralized during the year at the company's headquarters at Rexdale, Ontario, the total cost of which has been fully absorbed in operations for the year.

The rapid market acceptance of the agricultural and construction drainage pipe, produced by the Hegler process, has resulted in the purchase of several additional production units, and in the expansion of facilities to house them. The product is now being made at Chatham and Centralia, Ontario; St. Lazare, Quebec; and at Calgary, Alberta.

Certain-teed/Daymond Co.

Certain-teed/Daymond's first plant commenced operation at Lake Mills, Iowa, in June. It has an annual capacity of over 15,000,000 feet of drainage pipe. Additional plants are planned in strategically located agricultural areas and should be in operation before the end of 1972. The outlook for this joint venture is excellent.

Anvil Plastics Limited

Anvil has a solid record of growth and is making a substantial contribution to the expansion of the business of plastic fittings. Anvil fittings complement the Daymond product line in Canada, and a sizeable market in the United States has been developed.

While the U.S. surcharge may have temporary limiting effects on sales and profits, the overall potential of Anvil seems excellent. The company will move to a larger plant in London, Ontario before the end of March which will permit further expansion of production as the market requires.

Gienow Sash & Door Co. Ltd.

Since this company was acquired during the latter part of the fiscal year, its full profit potential will not be fully felt until next year.

Gienow's products utilize aluminum extrusions similar to those produced by Daymond. The purchase of Gienow is bringing about significant rationalization of Daymond's production and marketing of fabricated aluminum products.

Badger Systems Division

Badger Systems Division markets a complete "system" for the trenchless laying of agricultural drainage systems, liquid and gas distribution systems, conduit and pipes. It is partially integrated with Daymond because the Badger machines can utilize Daymond pipe.

Installation of agricultural drainage systems continues to dominate operations in eastern Canada. Modifications to the equipment, developed by Badger personnel, resulted in greater potential application of the system for pipeline installations in western Canada.

Cello Bags Limited

Cello Bags, whose operations are in the field of flexible packaging, continued to show an improvement in sales growth and profit. Production requirements resulted in the installation of additional equipment during the year.

Benefits are being derived through the production by Cello of items used in quantity by C and D's other subsidiaries.

APPOINTMENTS

The resignation of Mr. W. W. Sprague, Jr., of Savannah, Georgia, a member of the Board of Directors since 1965, was regretfully accepted during the year.

Mr. Sprague brought to the C and D Board considerable experience in the sugar industry of North America and his wisdom and advice will be greatly missed by his colleagues. The Board is most grateful to him for his contributions to the deliberations of the Board during his service as a Director.

Mr. N. M. Shaw, a vice president of the Company and president of Daymond Limited, was appointed to fill the vacancy.

Mr. H. S. Tate, managing director of the Company, was elected a Fellow of the American Management Association, the first non-resident of the United States to be so honored.

APPRECIATION

The Directors express sincere thanks to all employees for their loyal and effective services during the past year which made such a substantial contribution to the success of the Company.

On behalf of the Board

George B. Foster

Chairman

Statements of Consolidated Income and Retained Earnings

Year ended September 30, 1971
(with comparative figures for 1970)

		1971	1970
Income	Sales and other income:		
	Sales	$86,341,214	$74,746,107
	Investment income (note 3)	692,466	1,962,818
		87,033,680	76,708,925
	Deduct:		
	Cost of goods sold	67,127,600	57,579,643
	Selling, distribution and administrative expenses	11,408,588	10,770,527
	Interest — long-term debt	224,325	256,719
	— other	258,421	131,213
		79,018,934	68,738,102
	Income before taxes	8,014,746	7,970,823
	Taxes on income	3,725,000	3,250,000
	Income before extraordinary item	4,289,746	4,720,823
	Extraordinary item:		
	Profit on purchase of sinking fund debentures	50,977	326,051
	Net income	$ 4,340,723	$ 5,046,874
	Earnings per share		
	Income before extraordinary item	$2.77	$3.05
	Net income	$2.80	$3.26
Retained Earnings	Balance beginning of year	$24,421,801	$22,009,927
	Add net income	4,340,723	5,046,874
		28,762,524	27,056,801
	Deduct dividends paid	2,790,000	2,635,000
	Balance end of year	$25,972,524	$24,421,801

The accompanying notes are an integral part of these financial statements.

Consolidated Balance Sheet

September 30, 1971
(with comparative figures for 1970)

		1971	1970
Assets	Current:		
	Cash and short-term investments	**$ 141,547**	$ 277,671
	Accounts receivable (including affiliated companies $13,944 in 1971 and $141,708 in 1970) less allowance for doubtful accounts	**10,874,075**	7,908,605
	Inventories (note 2)	**26,592,978**	22,187,398
	Deferred income tax charges	**655,000**	481,000
	Prepaid expenses	**574,322**	442,589
	Total current assets	**38,837,922**	31,297,263
	Investments (note 3)	**12,469,991**	12,353,124
	Fixed: (note 4)		
	Land, buildings, plant and equipment	**58,632,343**	54,447,417
	Less accumulated depreciation and amortization	**25,718,947**	23,154,667
		32,913,396	31,292,750
	Premium paid on acquisition of businesses	**326,839**	—
		$84,548,148	$74,943,137

On behalf of the Board:
G. B. Foster, Director
H. S. Tate, Director

		1971	1970
Liabilities	Current:		
	Short-term notes payable	**$ 3,830,088**	$ 2,474,430
	Accounts payable and accrued charges (including affiliated companies $843,998 in 1971 and $2,469,693 in 1970)	**18,979,362**	14,260,836
	Income taxes payable	**3,154,640**	682,993
	Long-term debt due within one year	**299,624**	209,656
	Total current liabilities	**26,263,714**	17,627,915
	Deferred income taxes	**6,550,000**	6,800,000
	Long-term debt (note 5)	**3,729,654**	4,061,165
	Shareholders' equity:		
	Capital —		
	Authorized:		
	3,000,000 shares of no par value		
	Issued:		
	1,550,000 shares	**14,800,000**	14,800,000
	Increment arising from revaluation of fixed assets	**6,232,256**	6,232,256
	Distributable surplus set aside on organization of Company	**1,000,000**	1,000,000
	Retained earnings	**25,972,524**	24,421,801
		48,004,780	46,454,057
		$84,548,148	$74,943,137

The accompanying notes are an integral part of these financial statements.

Statement of Consolidated Source and Use of Funds

Year ended September 30, 1971
(with comparative figures for 1970)

		1971	1970
Source of Funds	Operations:		
	Net income for the year	**$4,340,723**	$5,046,874
	Depreciation and amortization	**2,101,282**	1,753,993
	Deferred income taxes	**(371,923)**	(752,470)
		6,070,082	6,048,397
	Disposal of fixed assets	**326,817**	141,556
	Disposal of other investments	**274,836**	4,560
	Decrease in working capital	**1,095,140**	1,687,076
		$7,766,875	$7,881,589
Use of Funds	Investment in affiliated company	**$ 391,703**	1,650,000
	Investment in subsidiary companies net of working capital acquired	**2,056,110**	312,299
	Additions to plant and equipment	**2,019,949**	1,803,237
	Payment of dividends	**2,790,000**	2,635,000
	Retirement of long-term debt	**509,113**	1,481,053
		$7,766,875	$7,881,589

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

September 30, 1971

1. Principles of consolidation:

The consolidated financial statements include the accounts of all subsidiary companies which are all wholly-owned except for an insignificant minority interest.

During the year, all the shares of Anvil Plastics Limited and Gienow Sash & Door Co. Ltd. were acquired for an aggregate amount of $2,647,210. The excess of the purchase price over the fair value of the net tangible assets acquired, amounting to $326,839, has been shown on the consolidated balance sheet as "Premium paid on acquisition of businesses". The results of their operations have been included in the statement of consolidated income from the effective date of their acquisitions, April 1, 1971.

2. Inventories:

	1971	1970
Raw materials, work in process and finished goods —		
Sugar	**$21,194,129**	$18,190,101
Building products	**3,688,052**	2,473,131
Other products	**196,143**	114,743
	25,078,324	20,777,975
Manufacturing and maintenance supplies	**1,514,654**	1,409.423
	$26,592,978	$22,187,398

A fixed quantity of 50,000 long tons of raw sugar equivalent has been valued each year at a basic price of $78 per ton, which price did not exceed the market price at September 30, 1971 and 1970. The remaining inventories of sugar, building and other products, and manufacturing and maintenance supplies are valued at the lower of cost and market.

3. Investments:

	1971	1970
In affiliated company	**$12,093,903**	$11,702,200
In mortgages, notes and other items at the lower of cost and estimated realizable value	**376,088**	650,924
	$12,469,991	$12,353,124

The investment in the affiliated company is carried at cost, which approximates the underlying equity at September 30, 1971 and 1970. Dividends received amounted to $775,000 (1970 – $1,750,000), of which $575,000 (1970 – $1,650,000) has been included in investment income. Since, due to exchange losses arising on translation of foreign currencies at the end of the year, the dividends received during the year exceeded the Company's share of available earnings, the excess has been applied in reduction of the cost of the investment.

4. Fixed assets:

	Fixed assets	Accumulated depreciation and amortization
Land	$ 3,220,202	$ —
Buildings	19,055,717	7,928,305
Plant and equipment	36,356,424	17,790,642
	$58,632,343	$25,718,947

Fixed assets are stated at replacement cost at October 1, 1961, with subsequent additions at cost, except for assets not in use which are carried at their estimated realizable value. As a result of this appraisal, the value at which fixed assets are stated includes approximately $4,000,000 which, under existing legislation, will not constitute an allowable deduction in computing income for income tax purposes.

5. Long-term debt:

	1971	1970
5% sinking fund debentures due July 15, 1978 (debentures totalling $1,807,000 have been purchased and cancelled in advance of sinking fund requirements)	**$2,816,000**	$3,185,000
5% serial debentures repayable $84,474 annually to December 15, 1974	**337,889**	422,363
7½% mortgage repayable $69,880 including interest, annually to October 17, 1977	**354,372**	395,355
Other	**521,017**	268,103
	4,029,278	4,270,821
Less portion due within one year included in current liabilities	**299,624**	209,656
	$3,729,654	$4,061,165

6. Commitments:

Commitments for the acquisition of plant and equipment aggregate approximately $1,000,000 (1970 – $210,000).

7. Statutory information:

(a) Sales by class of business were as follows —

	1971 Amount	%	1970 Amount	%
Sugar refining	**$70,895,876**	**82.1**	$64,010,840	85.6
Building products	**13,901,016**	**16.1**	10,466,545	14.0
Other products	**1,544,322**	**1.8**	268,722	.4
	$86,341,214	**100.0**	$74,746,107	100.0

(b) During 1971 the aggregate remuneration paid or payable to twelve directors of the Company and one past director, as directors, was $23,400 (1970 – $23,800) and to its nine officers, as officers, was $300,861 (1970 – $312,200). Five of the officers were also directors and did not receive additional remuneration as directors.

Auditors' Report

To the Shareholders of
Canada and Dominion Sugar
Company Limited:

We have examined the consolidated balance sheet of Canada and Dominion Sugar Company Limited and its subsidiaries as at September 30, 1971 and the statements of consolidated income, retained earnings and consolidated source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at September 30, 1971, and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.
Chartered Accountants

Montreal, Canada,
November 23, 1971

While Canadian households and food processors consume substantial quantities of sugar in many forms every day . . . to the extent of some 103 pounds per person per year . . . few appreciate the impact that this product has on both the domestic and international relations of this country.

Sugar contributed to the development of Canada as a major trading nation. Sugar is a product which led to the establishment of a refining industry in Canada which today provides employment for thousands of people, directly and indirectly, and contributes many millions of dollars to the Canadian economy. Sugar has also provided the means for Canada to contribute substantially to developing countries in many parts of the world, particularly in the Caribbean and, more recently, in Africa.

Many factors contribute to the role Canada plays in the international sugar industry. Most recent of these is the report of the Canadian Tariff Board. Others have emerged through the years. For a fuller appreciation of this and an understanding of the effect on Redpath Sugars Limited, the following has been prepared.

Early Trade

The growing of sugar cane made its appearance in the West Indies in the early 1500's and it was from there that the influence of sugar spread to Canada to become a cornerstone of this country's economy, years before Confederation. Ships which brought sugar and molasses from the Caribbean to Canada in turn carried Canadian lumber and fish to Europe, helping to establish this country as a trading nation.

British Preferential Duty

Canada's participation in global sugar affairs has been influenced by its membership in the British Empire. Since 1898, Canada has offered Commonwealth sources, preferential import rates for raw cane sugar imported for refining. In 1926, the tariff advantage favoring Commonwealth exporters became $1.00 per hundred pounds.

Subsequently, bilateral trade agreements were negotiated with the West Indies (Trinidad, Jamaica, Barbados and Guyana), Australia, South Africa and New Zealand, guaranteeing this preference in return for duty concessions on Canadian goods exported to the Commonwealth.

In such tropical and subtropical countries as British Honduras, Mauritius, Swaziland, Natal, Fiji, Australia, and many others, fields of sugar cane, such as this one in Trinidad are a common sight since this a major factor in their economy. From this cane comes the raw sugar for Canadian refineries.

The benefit granted to the Commonwealth countries was to the advantage of everyone. Most of the $1.00 preference was accrued to the raw sugar exporters in such developing nations as British Honduras, the West Indies, Mauritius, Swaziland and Fiji. As such, this has been a valuable Canadian contribution to their progress.

The agreements boosted Canadian exports, and the additional revenue received by sugar exporters has encouraged them to maintain a steady flow of raw sugar to the Canadian market . . . even in times of global shortage. Canadians, both food processors and domestic consumers, have never gone short of sugar, even in war years.

During the last two decades, however, changes have taken place in the marketing of raw sugar which have altered Canada's appeal to some Commonwealth exporters.

Harvesting of cane is in progress somewhere in the world throughout the year . . . from January to June in the Northern Hemisphere and from July to December below the Equator. Here a tractor-drawn train is loaded as it passes through a field of cane.

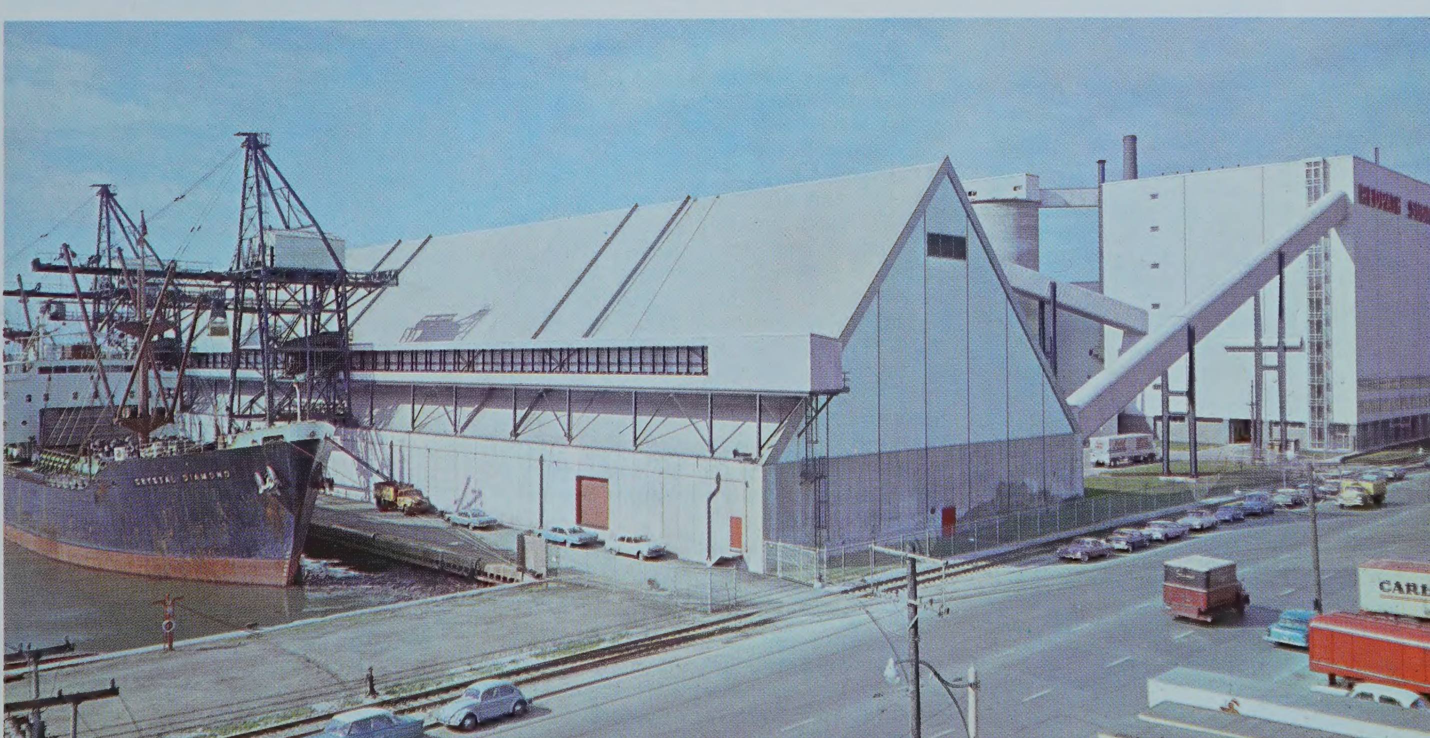
Britain negotiated a Commonwealth Sugar Agreement in 1952 which guaranteed suppliers a fixed price, established annually. In return, exporters gave an undertaking to supply quantities prescribed in bilateral contracts. This made the United Kingdom a top priority market. The Commonwealth Agreement prices have also tended to be considerably higher than the "world" price.

Policy of United States

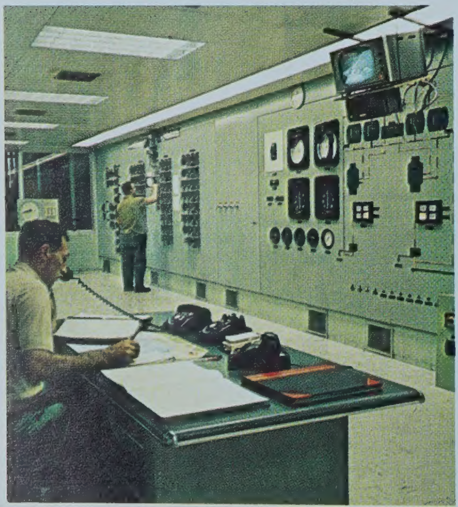
Beginning in 1934, the United States also favored prices in excess of those existing in the "world" market, to guarantee supplies, and to encourage the domestic industry. Import quotas were manipulated to achieve wholesale prices in keeping with these objectives. On November 1st, 1971, the wholesale refined price in New York was 29 per cent higher than was Redpath's in Montreal. In the last few years, the United States has prohibited imports of refined sugar from Canada, and recently has amended its Sugar Act to limit market access for Canadian confectionery.

Canada's important role in the international sugar market stems from the introduction of cane growing in the West Indies. This also led to the establishment of a Canadian refining industry. This early photo shows ships with raw sugar from the Caribbean docked at Redpath's Montreal refinery, Canada's first refinery built in 1854.

Today, one of the most modern refineries in the world is operated in Toronto by Redpath Sugars Limited. Built in 1959, this was the first industry established on the then newly-opened St. Lawrence Seaway which permits large ocean freighters, such as the one shown here, to bring raw sugar directly to the refinery.



Sugar refining in the 16th Century was a somewhat complicated procedure, requiring many manual operations, as this engraving, provided by the Trustees of the British Museum, illustrates.



In dramatic contrast to the engraving shown above is this computer-controlled operating panel in the Toronto Redpath refinery, one of the most efficient in the world today. This modern equipment monitors every aspect of the refinery's operations, as it turns raw sugar into quality refined sugar, efficiently and at the lowest possible cost.

Cuba was denied entry to the U.S. market in 1960, and a significant portion of the Cuban quota was reallocated to Commonwealth countries, traditionally Canadian suppliers. The West Indies and Guyana alone received a quota of 120,000 tons, roughly one-half of what normally came to Canada. The U.S. quota for these Caribbean countries now exceeds 200,000 tons.

The higher prices in the United States market, together with disappointing crops in the Islands, resulted in Canadian imports dwindling from 315,000 tons in 1964 to 28,000 tons in 1970. Redpath Sugars turned to other British sources for raw sugar supplies, including emerging Commonwealth countries in Africa.

Now that the United Kingdom is entering the European Economic Community, it is expected the annual price it will pay will be even higher.

Consequently Canada's tariff preference is required even more than before, to place Canada in a better competitive position with other importers of raw sugar for refining.

International Sugar Agreement

To assess Canada's importance in the world sugar industry, a few facts may be helpful. Sugar production throughout the world amounts to about 80 million tons. Local consumption and special agreements, such as the Commonwealth Sugar Agreement and the United States Sugar Act, leave only about 7.5 million tons available for sale on the "world" market. Canada and Japan are the largest purchasers of raw sugar in this "world" market with Canada alone buying about one million tons.

At least since the General Agreement on Tariff and Trade (GATT) in 1948, the Canadian Government has been committed to multi-lateral agreements. It has resisted fixed sugar prices and Redpath Sugars has strongly supported this government policy.

It was Canada's importance that resulted in a leading negotiating role for a new International Sugar Agreement. The agreement, effective in January, 1969, aimed to "maintain a stable price for sugar which (would) be reasonably remunerative to producers, but which (would) not encourage further expansion of production in developed countries". This principle is achieved by regulating sugar exports of member countries.

Sugar Prices

The current international agreement has been more successful than its predecessors in fulfilling its objectives. In January, 1969, raw cane sugar prices were £31.5 per long ton in London and Redpath's refined prices were $7.85 per hundred pounds, Montreal wholesale. In early November, 1971, the raw price was £44.8, and Redpath's refined, $9.45.

Despite an international agreement, which has regulated "world" supplies, and despite competition from high-priced and contractual markets which have put an added competitive burden an Canadian importers, Canadian refined prices today are close to those which prevailed 50 years ago. This is a tribute to the Canadian refining industry's efficiency. Refined sugar is in a select group of anti-inflationary commodities available to Canadians.

Redpath Sugars Limited, Canada's largest sugar refiner, will continue to provide leadership in this major segment of Canada's domestic and international trade.

Canada and Dominion Sugar Company Limited and its subsidiaries

REDPATH SUGARS LIMITED

PRODUCTS

Complete Range of Refined Sugar Products

PLANTS

Montreal, Quebec
Toronto, Ontario

SALES OFFICES & WAREHOUSES

- Newfoundland
  Corner Brook, Grand Bank, Grand Falls, Marystown, St. John's
- Nova Scotia
  Halifax
- New Brunswick
  Saint John
- Quebec
  Montreal, Quebec City
- Ontario
  Belleville, Chatham, Hamilton, London, North Bay, Ottawa, Sault Ste. Marie, Thunder Bay, Toronto, Windsor
- Manitoba
  Winnipeg

CELLO BAGS LIMITED

PRODUCTS

Flexible Packaging

PLANT & OFFICES

Toronto, Ontario

DAYMOND LIMITED

PRODUCTS

Extruded and Fabricated Plastic and Aluminum Products

PLANTS

St. Lazare, Quebec
Centralia, Ontario
Chatham, Ontario (Two)
Toronto, Ontario
Calgary, Alberta
Vancouver, British Columbia

SALES OFFICES & WAREHOUSES

- New Brunswick
  Saint John
- Quebec
  Montreal
- Ontario
  Burlington, Chatham, Kitchener, Ottawa, Port Hope, Toronto
- Manitoba
  Winnipeg
- Alberta
  Calgary
- British Columbia
  Vancouver

BADGER SYSTEMS DIVISION

PRODUCT

Trenchless System of Pipe Laying

SALES OFFICE

Chatham, Ontario

CERTAIN-TEED/DAYMOND CO.

PRODUCT

"Hegler" Corrugated Plastic Pipe

PLANT

Lake Mills, Iowa

OFFICES

Valley Forge, Pennsylvania

ANVIL PLASTICS LIMITED

PRODUCTS

Plastic Fittings

PLANT & OFFICES

London, Ontario

Gienow Sash & Door Co. Ltd.

PRODUCTS

Doors, Windows and Components for Trailers, Mobile Homes and Modular Dwellings

PLANT & OFFICES

Calgary, Alberta

SUCRE Redpath SUGAR

Redpath Sugars Limited
1854

DAYMOND

Daymond Limited
1967

Canada and Dominion Sugar Company Limited
and
Subsidiaries

Badger
Systems
Division
1969

Cello
Bags
Limited
1970

CERTAIN-TEED/DAYMOND CO.

1971

ANVIL PLASTICS LIMITED

1971

Gienow Sash & Door Co. Ltd.

1971

PRINTED IN CANADA